

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 3401 - SB 3374**

March 4, 2010

**SUMMARY OF BILL:** Establishes collective bargaining for state and local governments for all employees except management employees. Creates a three member Tennessee Public Labor Board appointed by the Governor. Requires the Board to establish criteria and procedures to be followed for public employees to select bargaining representatives. Requires that one union be exclusive to one department.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$203,000/One-Time  
Exceeds \$87,683,500/Recurring**

**Increase Local Expenditures – Exceeds \$1,000,000/Recurring\***

**Assumptions:**

- According to the Department of Finance and Administration, the recommended budget salaries for 2010-2011 for state employees are \$1,882,827,200. Approximately 20 percent are considered management employees. It is estimated that management employees receive 30 percent of total state salaries. Total non-management salaries are estimated to be \$1,317,979,000.
- The average union wage in Tennessee is 13.3 percent higher than the average non-union wage. It is estimated that state employees will negotiate an increase of at least one-half of that average difference or 6.65 percent.
- Based on information provided by the Department of Finance and Administration, it is estimated that there will be an increase to recurring state expenditures exceeding \$87,645,600 ( $\$1,317,979,000 \times 6.65\%$ ).
- There would be a one-time administrative cost to the state exceeding \$200,000 associated with updating a large volume of salary and benefit information for initial negotiation agreements.
- According to the Department of Labor and Workforce Development, one additional Administrative Assistant II to assist the Tennessee Public Labor Board will be required. Recurring state expenditures associated with this position will be \$31,700 (\$21,000 salary, \$7,100 benefits, and \$3,600 recurring operational expenditures).
- One-Time state expenditures associated with the creation of an additional position will be \$3,000 (computer equipment and office supplies).

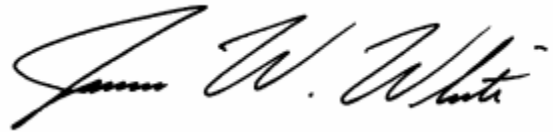
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- Two of the three board members will require reimbursement for travel. Travel and lodging costs for two board members will be an average of \$300 per meeting. It is estimated that the Board will meet seven times each year. Recurring state expenditures will be \$4,200 (2 members x \$300 x 7 meetings).
- Two meetings each year will require a court reporter at a total cost of \$1,000 per meeting for a recurring state expenditure of \$2,000.
- Recurring local expenditures will increase as a result of the collective bargaining of employees to negotiate higher wages. It is estimated that increases to recurring local expenditures will exceed \$1,000,000.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/jaw